Route Development Opportunity – Risk Analysis

Flights do not eventuate

- Funding agreement structured so payment only follows delivery of the agreed services, ie year 1 if deliver 104 flights (equivalent to 4 per week) then payment would be due and payable.
- If the agreed level of service is not delivered then no payment would be made

Flights are not utilised

- . This is a commercial risk for the airline
- The impact on Wgtn would be services provided and cost incurred but the visitors did not meet the expected levels and the economic benefits sought do not come up to expectations
- The airline will not continue to run a service that is uneconomic and therefore
 the exposure to this is naturally hedged, the funding we provide is not
 sufficient to support an uneconomic service
- In the event the service is stopped funding is ceased
- This takes into account the impact of competition responding

Service maintained but in-bound visitor expectations do not meet projections

 We will need to ensure we also market Wgtn as a destination in target markets appropriately

Impact on need for runway extension

- Net positive as proves up assertions airlines see Wgtn as a viable route
- Demonstrates that the BARNZ type assertions that there was no interest from their members in services out of Wgtn were not correct, they are not aware of commercial discussions of their members.
- Provides a natural upgrade path for direct long haul
- Increases in-bound demand in advance of extension
- Low cost opportunity to assess key assumptions in runway extension case

Economic benefits overstated

- We have re-modelled the WIAL assumptions using the same models we used to assess the and the WIAL modelling is consistent with our expected outcomes
- Key assumptions that negatively impact economic value have been assessed, including in-bound/out-bound mix, load factors, cannibalisation of existing services, daily spend rates and stay durations.

Route Development Opportunity - Key Points

Route - Sing/Can/Wgtn

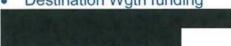
- Provides most direct route to Sing ex Wgtn
- Travel time 13 hours 25 minutes compares to 15 hours via Ack, 14 hours 5 minutes via Chch and 14 hours 55 minutes via Syd.
- International ticketing from point of departure for the whole journey
- Opens up direct route Wgtn/Can and access to large Australian catchment
- Service would be wide body and include business class whole journey
- Schedule aligned with Singapore Airlines to maximise connectivity at Singapore with other out-bound flights
- Introduction of new services and competition likely to be positive for prices
- Route more convenient, direct and higher quality offering
- Initially 4 flights per week with intention to increase to 5 and beyond.

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Economic benefits

- Total expenditure generated \$17.5m pa
- Total GDP \$8.1m pa
- Destination Wgtn funding



- Based on 4 flights per week
- Based on 5 flights GDP = \$10.5m and based on 7 GDP = 15.3m

Other benefits

- Greater connectivity
- More convenient for Wgtn businesses to travel
- More convenient for overseas businesses to connect through to Wgtn
- Enhances Wgtn's international profile and visibility
- Supports key sectors including education
- Opportunities to leverage capital to Capital opportunities